

AUDIT/FISCAL COMMITTEE

Rafael Contreras, Chair

Gordon Bjorklund

Dan Davis

Brad Kuiper

Lois Long

George Patrick

AUDIT/FISCAL COMMITTEE

The Audit/Fiscal Committee reviewed the following County departments:

Assessor
Auditor/Controller-Recorder
Treasurer-Tax Collector

The Audit/Fiscal Committee did not appoint subcommittees. The full committee was used on reviews and investigations of the above departments.

The Committee reviewed one citizen complaint during the year.

The findings and recommendations of the Audit/Fiscal Committee follow.

ASSESSOR

BACKGROUND

Under California law the Assessor, an elected official, has the following basic responsibilities:

- Locate, describe and identify ownership of all taxable property in the County
- Establish a taxable value for all property subject to property assessment
- List the taxable value of all property on the assessment roll
- Apply all legal exemptions.

The Assessor maintains current records on approximately 675,000 parcels of real property, 43,000 business property accounts and 33,000 other assessments. The Assessor also administers 17 different types of property tax exemptions.

FINDINGS

The Assessor's Office has steadily improved each assessment process over the past several years due to an efficient and experienced staff. The technical advances and reviews of procedures to eliminate inefficiencies also contributed to the improvement of the assessment process.

The devastating fires in the fall of 2003 destroyed 1,026 homes and damaged 388 other properties in San Bernardino County. The Assessor's office had the task of identifying the damaged and destroyed properties for local and state agencies.

The County Assessor determined that it was very important for property owners who lost their home/property in the fires to have their properties reassessed as soon as possible. Deputy Assessors were directed to locate the burned/damaged properties and to reassess them. The Assessor's Office completed the reassessment of the 1,026 plus homes and 388 other properties in a few weeks.

COMMENDATION

ASSESSOR DONALD WILLIAMSON AND HIS STAFF ARE TO BE COMMENDED FOR AN OUTSTANDING JOB IN COMPLETING OVER 1,400 REASSESSMENTS IN SUCH A SHORT TIME AFTER THE 2003 FIRES IN SAN BERNARDINO COUNTY.

AUDITOR/CONTROLLER-RECORDER

BACKGROUND

The Auditor/Controller-Recorder/County Clerk is an elected office. This report is confined to the Financial Management computer software program and Internal Audits. The office's function is to manage, operate and maintain the County Financial Management System computer programs. The Internal Audits Section conducts financial audits of County departments.

FINDINGS

The Auditor/Controller-Recorder (ACR) currently uses AMS Advantage, version 2.1.1 software for the County's Financial Management System. This version is outdated. To stay current, an upgrade to AMS Advantage, Version 3.0, is required. AMS Advantage 2.x will no longer be supported by AMS. The County can continue to function with the AMS Advantage 2.1.1 for a period of time past July 1, 2005, but at risk. AMS 2.1.1 is a batch processing system where updates are made overnight. Advantage 3.0 is a real-time system where updates are immediate.

Our investigation found that the Purchasing Department needs new procurement software programs for much of the work it now does manually. It is not possible to obtain the necessary software that is compatible with the current County Financial Management System program. The only software program now available for the Purchasing Department is AMS 3.0. It is not compatible with the current Financial Management System software AMS 2.1.1.

The Information Services Department explored a plan that would work, using the two software versions. This plan would cost the County \$1,206,200, plus a one-time start-up cost of \$185,015. It is not a long-term solution, only a temporary one. Along with the high costs, the two systems will never be completely synchronized, and the departments would have different data. To get a complete current, accurate financial picture, the different departments will have to utilize both systems. This is not a practical solution.

It will cost the County \$5,000,000 to update the Financial Management System and purchase procurement software for the Purchasing Department.

County Policy states that all County departments must be audited yearly. Discussions with the Auditor/Controller-Recorder revealed that such audits are covered by the annual Financial Audit. However, internal operational audits are not being done yearly for each department. The ACR has never had sufficient staffing to complete specific audits for each department. The California Government Code mandates specific audits. While mandated audits are conducted as specified, most apply to specific funds, not departments. The Assessor's Office, the Auditor/ Controller-Recorder and the Arrowhead

Regional Medical Center are the only County departments that are subject to mandated audits.

On February 21, 2003 the Auditor/Controller-Recorder submitted a Risk Based Internal Audit Plan to the Board of Supervisors and the County Administrative Officer. The Board approved this plan.

Thirteen (13) County departments are classified as "High Risk". Thirty-four (34) departments are classified as "Moderate Risk". Thirteen (13) are considered "Low Risk". The Risk Based Internal Audit Plan requires that the 13 "High Risk" departments be audited every other year. The 34 "Moderate Risk" departments have to be audited every four (4) years. The thirteen (13) "Low Risk" departments have to be audited every six (6) years.

For the 2002-2003 fiscal year, the ACR stated that mandated audits would require 10,000 Internal Audit hours, leaving only 15,000 hours for operational audits of County departments. The total hours available for auditing are inadequate.

RECOMMENDATIONS

- 04-07 PURCHASE THE AMS ADVANTAGE VERSION 3.0 SYSTEM TO UPGRADE THE AUDITOR/CONTROLLER-RECORDER'S FINANCIAL MANAGEMENT SYSTEM AND THE PURCHASING DEPARTMENT'S PROCUREMENT SOFTWARE SYSTEM.
- 04-08 TAKE APPROPRIATE MEASURES TO ENSURE THAT AT LEAST THE 13 "HIGH RISK" DEPARTMENTS ARE AUDITED ANNUALLY.